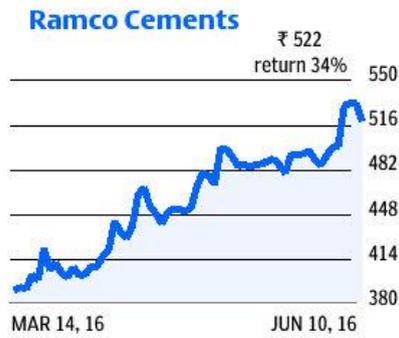


## Ramco Cements' long-term rating gets a lift from ICRA

Our Bureau



*Grading reflects consistent improvement in operational, financial performance*

Chennai, June 10:

Rating agency ICRA has upgraded Ramco Cements' long-term rating for its borrowings based on the company's sustained performance improvement and outlook.

According to a press release from the company, the rating agency has upgraded the long-term rating for non-convertible debentures, term loan facilities and long-term fund-based facilities to AA+ (Stable) from AA previously.

Ramco Cements' short-term borrowings have the highest rating of A1+ since 2000.

The long-term rating upgrade reflects the consistent improvement in operational and financial performance over the last two years and recognises the cement manufacturer's superior operating margins as compared with many of its peers in the region.

### Cost advantage

Lower freight costs due to better logistic strategies, strong operating efficiencies, high price realisation and favourable input cost give it a sustainable cost advantage.

AV Dharmakrishnan, CEO, Ramco Cements, told *BusinessLine* that its operating margins are the best in the industry at about 35 per cent compared with the industry average of 20-25 per cent. This advantage is based on long-term factors that are sustainable. The rating gives the company a strong edge in terms of interest rates if it needs to borrow.

ICRA has also noted that the company's capacity utilisation is expected to improve with an anticipated growth in demand in the region, especially in Telangana and Andhra Pradesh, support to infrastructure and housing in Tamil Nadu, and increasing penetration into the markets in the East.

### Borrowings drop

Since April 1 this year, Ramco Cements has cut its borrowings by ₹215 crore and its interest-bearing borrowing as on Friday, stood at ₹1,390.29 crore consisting of debentures and long-term loans of ₹730.60 crore and short-term facilities of ₹659.69 crore.

(This article was published on June 10, 2016)